

# **TOWN OF DAVIE**

## **TOWN COUNCIL AGENDA REPORT**

**TO:** Mayor and Council Members

**FROM/PHONE:** William (Bill) F. Underwood, II/ 797-1050

**DOCUMENT PREPARED BY:** William (Bill) F. Underwood, II/797-1050

**SUBJECT:** Ordinance

**AFFECTED DISTRICT:** Town Wide

**TITLE OF AGENDA ITEM:** AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING A REVISION TO THE ESTIMATED REVENUES AND APPROPRIATIONS FOR THE FISCAL YEAR 2004.

**REPORT IN BRIEF:** Donations have been or are expected to be received by various Council Members for humanitarian purposes. The intent of this legislation is to provide a mechanism for the Council to record and expend donations provided to them as a Council member. This budget amendment reflects the estimated revenue recognition and appropriates these donations in the Community Endowment Fund. Funds are to be used upon the authorization of the Council Member to whom donations are provided, following the Town's Procurement Rules.

Additionally, the Development Department is anticipating increased cost recovery revenue of \$48,000 and is requesting an appropriation for this amount (see attached memorandum).

Further, Special Projects has increased the anticipated revenues by \$31,911 for the Orange Blossom Festival and is requesting an appropriation for this amount (see attached memorandum).

**PREVIOUS ACTIONS:**  
Ordinance 2003-35

**CONCURRENCES:** Town Administrator, Director of Budget and Finance

**FISCAL IMPACT:**

Has request been budgeted? N/A

If yes, expected cost:

Account Name:

Additional Comments:

**RECOMMENDATION(S):** Motion to approve Ordinance.

**Attachment(s):** Memorandum from Mark Kutney, AICP  
Memorandum from Bonnie Stafiej  
Charitable Contribution Correspondence from Rachlin Cohen & Holtz  
Ordinance  
Exhibit "A"

**DEVELOPMENT SERVICES DEPARTMENT**  
**Planning & Zoning Division**

**MEMORANDUM**

**PZ 3-31-04**

**TO:** Mayor and Councilmembers  
Thomas J. Willi, Town Administrator

**THRU:** Mark A. Kutney, AICP, Development Services Director  
Fernando Leiva, AICP, Planning and Zoning Manager

**FROM:** Bradley Swing, AICP, Planner II

**DATE:** March 31, 2004

**RE:** Revision to the appropriations for Fiscal Year 2004

The Planning and Zoning Division is requesting to amend its operating budget to establish a separate project account to process/pay for fast track processing and supplemental services for the proper processing of any development application under the cost recovery program. This account shall also be used to pay for supplemental reviews regarding wireless communication facilities.

Ordinance No. 2002-28 and Ordinance No. 2003-42 revised the Town's Development Review Fee Schedule to ensure that the Town fairly assesses developers for the cost of providing development services. The fast track and supplemental review fees are paid by the applicant and/or developers in addition to any application fees under the cost recovery program.

It is expected that 10-15 applications will be reviewed by the Town's selected consultants in the remaining fiscal year.

**TOWN OF DAVIE**  
**Special Projects Department**  
**Memorandum**

**TO:** William Underwood, Finance Director

**FROM:** Bonnie Stafiej, Special Projects Director

**DATE:** March 21, 2004

**SUBJECT:** Additional Appropriations in the Amount of \$31,911.00

The Town of Davie hosted the 67<sup>th</sup> Annual Orange Blossom Festival, Rodeo and Parade on February 28, 2004 and February 29, 2004. The event was larger then ever before and drew thousands of out of town visitors, as well as local spectators. More than 100 country arts and crafts exhibits, as well as many fine art mediums, old west re-enactments, country & farm animals, antique stage coaches, rodeos, hands on exhibits, a live concert featuring country upcoming sensation, "Jeff Bates", as well as two stages filled with other fine entertainment highlighted this weekend's country heritage festival. The admission to the festival was free to all fair goers.

The Town solicited financial support from the community and received \$24,200.00 in sponsorships. The revenue was deposited into 001-0000-366-11-12 (Contributions). The Town also received \$7,711.00 in additional revenue for concession rentals and booth space rentals. These revenues were deposited into 001-0820-341-1133 (Special Events) and totaled \$6,561.00. We also received 40% of the parking money from the event (\$1,150.00) that was deposited into account number 001-0802-366-1105 (Arena Parking).

The Town is requesting that Council approve a budget amendment of \$31,911.00 to account number 001-0808-572-05-02 (Special Projects). The money will be used to finance the Orange Blossom Festival, Rodeo and Parade.

In past years, the Town had budgeted dollars for the Orange Blossom Festival. Community sponsorship dollars and rental revenues were used to help pay the cost of the event.

Sponsorship and event rental contributions are necessary to support the operational cost of the Orange Blossom Festival. Sponsorship and rental contributions pay 80% of the event cost while budgeted dollars pay 20% of the event cost.

If you have any questions or concerns, please contact Bonnie Stafiej, Special Projects Director at (954) 797-1163.



April 9, 2004

Mr. William Underwood, Budget and Finance Director  
Town of Davie  
6591 Orange Drive  
Davie, Florida 33134-3399

**Re: Charitable Contributions to the Town of Davie**

Dear Bill:

Pursuant to your request for clarification regarding charitable contributions, we provide the following. Contributions/donations to a local governmental entity **solely for public purposes** are considered charitable contributions to a tax exempt organization and are therefore subject to the charitable contribution rules of the Internal Revenue Service. It is very important to recognize that each contributor must communicate with their tax advisor as each personal tax situation will be different and each will be subject to limitations on their personal tax returns. Attached is some literature describing what is considered deductible and nondeductible contributions. If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Michael Futterman".

Michael D. Futterman, CPA  
Director

Rachlin Cohen & Holtz LLP

One Southeast Third Avenue ■ Tenth Floor ■ Miami, Florida 33131 ■ Phone 305.377.4228 ■ Fax 305.377.8331 ■ [www.rachlin.com](http://www.rachlin.com)

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## Prepaid Mortgage Interest

Mortgage interest prepaid in 2003 that fully accrues by January 15, 2004, may be included in Form 1098, box 1. This prepaid interest is not deductible in 2003; it should be deducted in 2004.

**Note:** Some lenders apply prepaid amounts to both interest and principal; others apply prepayments to principal only.

## Reverse Mortgages

A reverse mortgage is used to convert home equity into cash. Payments can take the form of a line of credit, a lump sum, monthly payments for a specified number of years, or payments over the life of the borrower. Because the borrower is drawing from principal, the amount received is tax free and will not affect Social Security benefits. To qualify, all borrowers in the household must be at least age 62 and the home must be totally, or nearly, paid off.

When a reverse mortgage comes due, the lender recovers the amount owed from the borrower (or the heirs). If the amount owed is greater than the market value of the home, FHA insurance makes up the difference.

**Mortgage interest deduction.** Mortgage interest is added to the loan balance over the term of the loan, but is not deducted until the loan is repaid.

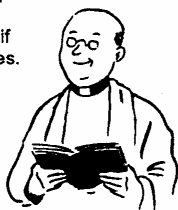
## CHARITABLE CONTRIBUTIONS

See IRS Publications 526 and 561, and  
"Contributions—Noncash Donations" Deduction Guide, Tab 3

### Deductible Contributions

#### Money or property given to:

- Churches, synagogues, temples, mosques and other religious organizations.
- Federal, state and local governments, if contribution is solely for public purposes.
- Nonprofit schools, hospitals and volunteer fire companies.
- Public parks and recreation facilities.
- Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy/Girl Scouts, Boys/Girls Clubs of America, etc.
- War veterans' groups.



**Charitable travel.** Travel expenses such as transportation (actual expenses or 14¢ per mile), meals and lodging if there is not a significant element of personal pleasure, recreation or vacation in the travel. Because charitable travel expenses are not business-related, they are not subject to business expense limitations.

**Court Case:** Deductions were allowed for lodging in deluxe hotels while traveling on behalf of a charitable organization. These costs were considered reasonable because the taxpayer was an important person in the organization and to effectively perform his job, he needed to stay at or nearby the hotel where the function was being held. (*Cavalaris*, TC Memo 1996-308)

**Volunteer out-of-pocket expenses when serving for a qualified organization.** *Example:* Scout leaders can deduct the cost of uniforms (and cleaning) that are worn when performing donated services, but that are not suitable for everyday wear.

**Delegate to a church convention.** Deduct the unreimbursed expenses of attending. A person must be a delegate and not merely attending on his/her own. *Example:* Deductions were allowed for a religious organization's World Congress in Tokyo. Similar deductions have been allowed for other church and veterans' organizations.

**Exchange students.** Deduct up to \$50 per school month housing an exchange student (grade 12 or lower) sponsored by a qualified organization. The student does not have to be a U.S. citizen as long as the student becomes a member of taxpayer's household under a written agreement between taxpayer and the charitable organization.

**Foster parents.** If there is no profit or profit motive, deduct expenses exceeding payments received from a charitable organization for providing support for qualified foster care individuals placed in the home.

**Website rebates.** Some websites allow taxpayers to donate rebates earned on product purchases. The deduction is allowed in the year the rebate is turned over to charity provided the taxpayer elects to do so rather than receive the rebate in cash. If the taxpayer keeps the rebate, it is not taxable income, but rather a reduction in the purchase price of the product (Ltr. Rul. 200142019).

### Nondeductible Contributions

#### Money or property given to:

- Civic leagues, social and sports clubs, labor unions and chambers of commerce.
- Foreign organizations.
- Groups that are run for personal profit.
- Groups whose purpose is to lobby for law changes.
- Homeowners' associations.
- Individuals.
- Political groups or candidates for public office.

#### Cost of raffle, bingo or lottery tickets.

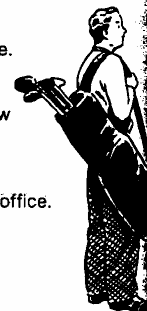
**Dues, fees or bills** paid to country clubs, lodges, fraternal orders or similar groups.

#### Tuition.

**Value of blood** given to a blood bank.

**Value of time or services** rendered by the taxpayer.

**Court Case:** A taxpayer deducted as a charitable contribution 50% of the tuition paid for his children to attend a religious school, based on the amount of the school day devoted to religious education. The IRS disallowed the deduction. Since the taxpayer could not prove that the total payments made to the school exceeded the value of education received, the 9th Circuit upheld the IRS decision. (*Skidmore*, CA-9, Jan. 9, 2002)



### Limits on Charitable Contribution

The deduction for charitable contributions cannot exceed 50% of the taxpayer's AGI. A reduced limit of 30% or 20% applies for certain contributions.

**Up to 50% of AGI limit.** Donation of cash or unappreciated property to a publicly supported charity or foundation qualifies as a 50% limit organization (most organizations know if they are qualifying). *Examples of 50% limit organizations:* Churches, religious organizations, educational organizations, hospitals, medical research organizations, publicly supported organizations that receive a substantial amount of support from the general public or governmental units, private operating foundations, private nonoperating foundations that distribute 100% of contributions to qualified charities within 2½ months after the end of the tax year, private foundations that pool contributions into a common fund and allow contributors to name the charities to receive their gifts if the income is distributed within 2 months after the end of the tax year.

#### Up to 30% of AGI limit:

- Donation of capital gain property to a 50% limit organization. *Exception:* 30% limit does not apply if election is made to reduce the FMV of the property by the amount of the long-term capital gain as if the property had been sold.

ORDINANCE \_\_\_\_\_

AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING A REVISION TO THE ESTIMATED REVENUES AND APPROPRIATIONS FOR THE FISCAL YEAR 2004.

WHEREAS, the Town Council recognizes that sound fiscal management requires modifications to the adopted budgets, and

WHEREAS, changing operations of the Town require modifications to estimated revenues and appropriations to meet the operational challenges facing governments, and

WHEREAS, it is in the best interest of the constituents of the Town that appropriations more accurately reflect the operations of the Town.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council of the Town of Davie does hereby adopt said amendments to the budget as shown in Exhibit "A," for 2004 fiscal year.

SECTION 2. The Town Council of the Town of Davie does hereby require that no Community Endowment expenditures exceed the amount of contributions received by the Town for this purpose.

SECTION 3. This ordinance shall take effect immediately upon its passage and adoption.

PASSED ON FIRST READING THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2004

PASSED ON SECOND READING THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2004

\_\_\_\_\_  
Mayor/Councilmember

ATTEST:

\_\_\_\_\_  
Town Clerk

APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2004

# Exhibit "A"

## COMMUNITY ENDOWMENT FUND

### Estimated Revenue Summary

	Current FY2004 Budget	Increase/ (Decrease)	Revised FY2004 Budget
COMMUNITY ENDOWMENT FD	\$2,506,250	\$115,000	\$2,621,250

### Appropriation Summary

COMMUNITY ENDOWMENT FD	\$2,506,250	\$115,000	\$2,621,250
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## GENERAL FUND

### Estimated Revenue Summary

DEVELOPMENT, DEVELOPMENT REVIEW	\$291,500	\$48,000	\$339,500
PRIVATE SOURCES	\$590,000	\$24,200	\$614,200
RECREATION, SPECIAL RECREATION	\$49,000	\$6,561	\$55,561
RECREATION, GENERAL ADMINISTRATION	\$767,600	\$1,150	\$768,750

### Appropriation Summary

DEVELOPMENT, DEVELOPMENT REVIEW	\$1,238,706	\$48,000	\$1,286,706
RECREATION, SPECIAL EVENTS	\$773,617	\$31,911	\$805,528



**Exhibit "B"**

**COMMUNITY  
ENDOWMENT FUND**

**Estimated Revenue**

		<b>Current FY2004 Budget</b>	<b>Increase/ (Decrease)</b>	<b>Revised FY2004 Budget</b>
COM TREASURE				
CHEST/DIST #1	065-0000-366-1132	\$10,000	\$15,000	\$25,000
COM TREASURE				
CHEST/DIST #2	065-0000-366-1133	\$0	\$25,000	\$25,000
COM TREASURE				
CHEST/DIST #3	065-0000-366-1134	\$0	\$25,000	\$25,000
COM TREASURE				
CHEST/DIST #4	065-0000-366-1135	\$0	\$25,000	\$25,000
COM TREASURE				
CHEST/MAYOR	065-0000-366-1136	\$0	\$25,000	\$25,000

**Appropriation**

COM TREASURE				
CHEST/DIST #1	065-0000-564-8301	\$10,000	\$15,000	\$25,000
COM TREASURE				
CHEST/DIST #2	065-0000-564-8302	\$0	\$25,000	\$25,000
COM TREASURE				
CHEST/DIST #3	065-0000-564-8303	\$0	\$25,000	\$25,000
COM TREASURE				
CHEST/DIST #4	065-0000-564-8304	\$0	\$25,000	\$25,000
COM TREASURE				
CHEST/MAYOR	065-0000-564-8305	\$0	\$25,000	\$25,000

**GENERAL FUND**

**Estimated Revenue**

DEVELOPMENT				
REVIEW, COST				
RECOVERY	001-0403-341-1178	\$0	\$48,000	\$48,000
CONTRIBUTIONS	001-0000-366-1112	\$0	\$24,200	\$24,200
RECREATION,				
SPECIAL RECREATION	001-0802-341-1133	\$0	\$6,561	\$6,561
RECREATION,				
GENERAL				
ADMINISTRATION	001-0820-366-1105	\$5,500	\$1,150	\$6,650

**Appropriation**

DEVELOPMENT				
REVIEW,				
PROFESSIONAL				
SERVICES/COST				
RECOVERY	001-0403-515-3109	\$0	\$48,000	\$48,000
RECREATION,				
SPECIAL PROJECTS	001-0808-572-0502	\$81,987	\$31,911	\$113,898

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